SGH Property Income Fund

31 October 2017

SG HISCOCK & COMPANY

Fact Sheet

Investment objective	A dividend yield (before fees) which is higher than the S&P/ASX300 A-REIT Accumulation Index and a total return in excess of the CPI + 3% over rolling five year periods (before fees).		
Investments held	The Fund primarily invests in A-REITs and may also invest in real estate management, development and infrastructure securities. An A-REIT is a collective investment vehicle, which owns a portfolio of real property, thus providing for a wider form of ownership. A-REITs are listed on the ASX, and their prices fluctuate with supply and demand, as with equity instruments. As a rule A-REITs derive the bulk of their income from rental property income. The Fund generally seeks to invest in A-REITs that exhibit an above average proportion of their income sourced from rents rather than more volatile income streams such as third party construction or development. As a result of this strategy, the Fund's investment portfolio has very different weights to that of the S&P/ASX300 A-REIT Index. The S&P/ASX300 A-REIT Index has changed so much that there is now a significant concentration of the largest stocks in this index. The Investment Manager believes that the investment strategy for the Fund is likely to provide superior portfolio diversification (by setting a maximum portfolio weight for any individual security in the portfolio at 15%), and the potential for a higher income yield than the S&P/ASX300 A-REIT Index.		
Investment Manager	SG Hiscock & Company		
APIR	ETL0119AU	**mFund Product Code**	SHF03
Commencement	30 November 2005	**Buy spread**	+0.25%
Management costs[1]	0.95% p.a.	**Sell spread**	-0.25%
Minimum initial investment	$20,000	**Investment pool size**	$290.20 million

Unit Prices	Application	Net Asset Value	Withdrawal
31 October 2017	$ 0.3401	$ 0.3393	$ 0.3385

Performance as at 31 October 2017[2]	1 mth %	3 mths %	6 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.
Distribution Return	0.00	0.62	14.83	17.82	15.00	13.07	11.30
Growth Return	1.87	3.68	-17.14	-10.76	-4.77	-0.32	2.84
Total Net Return	1.87	4.30	-2.31	7.06	10.23	12.75	14.14
CPI + 3% pa	0.40	1.22	2.50	4.82	4.73	5.11	5.31
S&P/ASX 300 A-REIT Accum. Index	2.25	4.39	-1.47	8.59	10.95	12.54	12.67

Top 5 holdings as at 31 October 2017
Stockland Property Trust
Westfield Corporation
Scentre Group
Vicinity Centres
Charter Hall Retail REIT

Top 5 holdings represent 63.88% of the total Fund.

Distribution Period	Cents per Unit
30-Sep-16	0.1174
31-Dec-16	0.4447
31-Mar-17	0.2526
30-Jun-17	5.6641
30-Sep-17	0.1996

Asset Allocation as at 31 October 2017	
Australian REITS	97.87
Cash	2.13

PROFESSIONAL PLANNER | ZENITH FUND AWARDS 2014 FINALIST*

1. Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").
2. Performance: Distribution Return is the return due to distributions paid by the Fund, Growth Return is the return due to changes in initial capital value of the Fund, Total Net Return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions.

SGH Property Income Fund

31 October 2017

SG HISCOCK & COMPANY

Fact Sheet

Commentary

The **S&P/ASX 300 Property Accumulation Index** rose by 2.2% in October, underperforming the broader market (S&P/ASX 300 Accumulation Index) which delivered 4%. Global REITs were the worst performer, finishing up 0.2%.

Domestic Economic Data
The latest quarterly release of the CPI figures came in well-below market estimates, highlighting the slack within the economy and the effective importing of price deflation. The jump in Energy Costs for most Australians was not enough to bolster the 1.8% print, which remains below the 2% to 3% band the RBA sets. The 10-Year Bond Yield fell 17bps to 2.67% as the markets believe the RBA is less inclined to raise Official Interest Rates, given this back-drop. The Australian Dollar fell once more, this time by two cents to US$0.7656, reflecting the lower CPI, Iron Prices and rise in the US Dollar.

Retail Sales fell more than expected, by 0.6%. New Car Sales printed a lower figure than previously. Given this back-drop, somewhat surprisingly Consumer Sentiment rose. The Unemployment Rate fell to 5.5%, with Hours Worked also lifting. Business Conditions moved back above average, lead by the Construction sector. Notably, Retail was negative.

Dwelling Approvals reversed the previous month's falls and rose but is down 15.5% year-on-year. Housing Finance Commitments rose across all the sub-categories, with the biggest growth registered by the First-Home Buyers.

Overseas Economic Data
In the **US**, the 10-Year Bond Yield rose 5bps to 2.38% in a month where the markets were giving further credence to the Government delivering its Tax Cuts as promised. The Unemployment Rate fell to 4.2%, whilst Wage Growth is nudging 3%. GDP is at 3% as the PMI's remain at their highs.

Other data points were also quite strong but have been (positively) impacted from the devastation caused from both Hurricane Harvey and Irma. Retail Sales delivered the best monthly result in three-years, with the annual growth at 4.4%. Industrial Production saw a solid uplift, as too the Construction Industry via their Builder Confidence. All this positive data saw the US Dollar finish higher against most major currencies.

In **Europe** the ECB announced details of the Tapering program, reducing the amount of Government and Corporate Bonds to be acquired from January 2018. The PMI's jumped, with Germany's over 60. Whilst Wage Growth remains slow and Inflation is at 1.4%, Real GDP came in better than expected, at 2.5%. The CPI figures across the Eurozone all fell though. The **UK** also witnessed strength, with Industrial Production jumping on the latest figure, having also risen for the two months prior.

In **Japan**, Prime Minister Abe's Government was returned as expected, as the BoJ kept Official Interest Rates on-hold. The Leading Indicators point to further growth, despite a weaker Industrial Production print. Inflation however continues to undershoot, hovering in the Deflationary band. Wage growth also remains subdued. The 10-Year Bond Yield consolidated its position in positive territory, marginally above zero.

The PMI's in **China** were a little subdued compared to the global average but remain in the expansionary zone. The same goes for the Leading Indicator. The CPI remains under 2%. Retail Sales, GDP and Industrial Production all remained positive, with the growth rates either in-line or marginally exceeding forecasts.

Across the key **Emerging Market** economies, the data points were in general stronger once more, with the PMI's all in the expansionary zone and growing. The same too for Industrial Production (ex-Poland).

In summary, we are witnessing synchronised global growth right across both the Developed and Emerging Markets.

For more information visit www.sghiscock.com.au